



The Pharmaceutical Society of South Africa  
(Cape Western Province Branch)  
Annual financial statements  
for the year ended 30 September 2020

# The Pharmaceutical Society of South Africa (Cape Western Province Branch)

Annual Financial Statements for the year ended 30 September 2020

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	To carry out, in its area of jurisdiction, all the objects of the Pharmaceutical Society, including effectively representing all members promoting their professional and educational interests, providing services and improving their standards of practice.
<b>Committee Members</b>	Mrs. J.A. Maimin Mr. K.A. Johnson Mr. D.G. Black Mr. G.G. Malan Ms. B. Macauley Mrs. C.W. De Beer Ms. R. Boshoff Mr. I. Ismail Mr. P.J. le Roux Mr. J.J. Hattingh Dr. N. Finkelstein Ms. A. Patel Prof. N. Butler Mr. M.J. Kariem Ms. L.A. Conradie Mr. J.A. Raats Dr. J.A. McCartney Prof. S.F. Malan Prof. R. Coetzee Ms. N Hoffman Ms. N Harrison
	Chairperson Treasurer
<b>Business address</b>	Pharmacy House S Block, Greenford Office Estate Punters Way Kenilworth 7708
<b>Postal address</b>	PO Box 36010 Glosderry Cape Town 7702
<b>Bankers</b>	Standard Bank of South Africa Limited Nedbank Limited
<b>Auditors</b>	BDO South Africa Incorporated Registered Auditors
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the constitution.
<b>Issued</b>	11 December 2020

# The Pharmaceutical Society of South Africa (Cape Western Province Branch)

Annual Financial Statements for the year ended 30 September 2020

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# The Pharmaceutical Society of South Africa (Cape Western Province Branch)

Annual Financial Statements for the year ended 30 September 2020

## Committee's Responsibilities and Approval

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The Committee is required by the constitution, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the Committee's responsibility to ensure that the annual financial statements fairly present the state of affairs of the Branch as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Committee acknowledges that it is ultimately responsible for the system of internal financial control established by the Branch and places considerable importance on maintaining a strong control environment. To enable the Committee to meet these responsibilities, the Committee sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Branch and all employees are required to maintain the highest ethical standards in ensuring the Branch's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Branch is on identifying, assessing, managing and monitoring all known forms of risk across the Branch. While operating risk cannot be fully eliminated, the Branch endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Committee is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Committee has reviewed the Branch's cash flow forecast for one year from date of this report, and in light of this review and the current financial position, they are satisfied that the Branch has or has access to adequate resources to continue in operational existence for the foreseeable future.

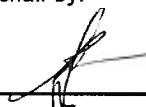
The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 5 to 7.

The annual financial statements set out on page 8 to 21, which have been prepared on the going concern basis, were approved by the board on 11 December 2020 and were signed on its behalf by:



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Mrs. J.A. Maimin - Chairperson



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Mr. K.A. Johnson - Treasurer



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Mr. G.S. Black - Branch Director

# The Pharmaceutical Society of South Africa (Cape Western Province Branch)

Annual Financial Statements for the year ended 30 September 2020

## Committee's Report

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The Committee have pleasure in submitting its report on the annual financial statements of The Pharmaceutical Society of South Africa (Cape Western Province Branch) for the year ended 30 September 2020.

### 1. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

### 2. Committee

The Committee in office at the date of this report are as follows:

Name	Office	Changes
Mrs. J.A. Maimin	Chairperson	
Mr. K.A. Johnson	Treasurer	
Mr. D.G. Black	Past Chairperson	
Mr. G.G. Malan	Vice Chairperson	
Ms. B. Macauley	Member	
Mrs. C.W. De Beer	Member	
Ms. R. Boshoff	Member	
Mr. I. Ismail	Member	
Mr. P.J. le Roux	Member	
Mr. J.J. Hattingh	Member	
Dr. N. Finkelstein	Member	
Ms. A. Patel	Member	
Prof. N. Butler	Member	
Mr. M.J. Kariem	Member	
Ms. L.A. Conradie	Member	
Mr. J.A. Raats	Member	
Dr. J.A. McCartney	Member	
Prof. S.F. Malan	Member	
Prof. R. Coetzee	Member	
Ms. N Hoffman	Member	
Ms. N Harrison	Member	

### 3. Events after the reporting period

The Committee has assessed the impact of COVID19 on the going concern and are comfortable that despite COVID19, the entity is still a going concern.

The Committee is not aware of any other material event arising since the end of the financial year, not otherwise dealt with in this report or the annual financial statements, which significantly affect the financial position of the Branch or the results of its operations to the date of this report.

### 4. Going concern

The Committee believes that the Branch has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Committee has satisfied itself that the Branch is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Committee is not aware of any new material changes that may adversely impact the Branch. The Committee is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Branch.

### 5. Auditors

BDO South Africa Incorporated will continue in office the following year in accordance with the requirements of the constitution.



Tel: +27 21 417 8800  
Fax: +27 21 417 8700  
www.bdo.co.za

6<sup>th</sup> Floor,  
119 - 123 Hertzog  
Boulevard, Foreshore,  
Cape Town, 8001  
PO Box 2275  
Cape Town, 8000

**Independent Auditor's Report  
To the committee of  
Pharmaceutical Society of South Africa (Cape Western Province Branch)**

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**Opinion**

We have audited the financial statements of Pharmaceutical Society of South Africa (Cape Western Province Branch) (the entity) set out on pages 8 to 21 which comprise the statement of financial position as at 30 September 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pharmaceutical Society of South Africa (Cape Western Province Branch) as at 30 September 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The committee is responsible for the other information. The other information comprises the information included in the document titled "Pharmaceutical Society of South Africa (Cape Western Province Branch) Annual Financial Statements for the year ended 30 September 2020", which includes the Committee's Report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a



material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the committee for the Financial Statements**

The committee is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and for such internal control as the committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the committee is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intends to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO South Africa Inc.*

**BDO South Africa Incorporated**  
Registered Auditors

**Shaun Fisher**  
Director  
Registered Auditor

Date: 11 December 2020

119-123 Hertzog Boulevard  
Foreshore  
Cape Town, 8001



**The Pharmaceutical Society of South Africa (Cape Western Province Branch)**  
Annual Financial Statements for the year ended 30 September 2020

**Statement of Financial Position as at 30 September 2020**

Figures in Rand	Note(s)	2020	2019
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	4 475 740	4 478 195
Investment in subsidiary	3	-	100
Other financial assets	4	44 804 859	50 312 340
		<b>49 280 599</b>	<b>54 790 635</b>
<b>Current Assets</b>			
Inventories	5	450	450
Trade and other receivables	6	39 221	63 611
Cash and cash equivalents	7	34 164	195 896
		<b>73 835</b>	<b>259 957</b>
<b>Total Assets</b>		<b>49 354 434</b>	<b>55 050 592</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Special funds	8	10 000	10 000
Accumulated funds		48 734 529	54 438 980
		<b>48 744 529</b>	<b>54 448 980</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	5 185	7 789
Monies held on behalf of other associations	10	604 720	593 823
		<b>609 905</b>	<b>601 612</b>
<b>Total Equity and Liabilities</b>		<b>49 354 434</b>	<b>55 050 592</b>

**The Pharmaceutical Society of South Africa (Cape Western Province Branch)**  
Annual Financial Statements for the year ended 30 September 2020

**Statement of Profit or Loss and Other Comprehensive Income**

Figures in Rand	Note(s)	2020	2019
Revenue	11	37 308	68 483
Cost of sales	12	-	(2 397)
<b>Gross profit</b>		<b>37 308</b>	<b>66 086</b>
Other income		42 257	33 985
Operating expenses		(3 041 845)	(5 063 469)
<b>Operating loss</b>	13	<b>(2 962 280)</b>	<b>(4 963 398)</b>
Investment revenue	14	2 267 422	2 580 282
Fair value adjustments	15	(4 990 291)	(2 458 504)
Finance costs	16	(19 309)	(27 407)
<b>Loss for the year</b>		<b>(5 704 458)</b>	<b>(4 869 027)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(5 704 458)</b>	<b>(4 869 027)</b>

**The Pharmaceutical Society of South Africa (Cape Western Province Branch)**  
Annual Financial Statements for the year ended 30 September 2020

**Statement of Changes in Equity**

Figures in Rand	Special Funds	Accumulated funds	Total equity
<b>Balance at 01 October 2018</b>	<b>10 000</b>	<b>59 308 014</b>	<b>59 318 014</b>
Loss for the year	-	(4 869 027)	(4 869 027)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(4 869 027)</b>	<b>(4 869 027)</b>
<b>Balance at 01 October 2019</b>	<b>10 000</b>	<b>54 438 987</b>	<b>54 448 987</b>
Loss for the year	-	(5 704 458)	(5 704 458)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(5 704 458)</b>	<b>(5 704 458)</b>
<b>Balance at 30 September 2020</b>	<b>10 000</b>	<b>48 734 529</b>	<b>48 744 529</b>

\* Note only applicable to Special Funds.

**The Pharmaceutical Society of South Africa (Cape Western Province Branch)**  
Annual Financial Statements for the year ended 30 September 2020

**Statement of Cash Flows**

Figures in Rand	Note(s)	2020	2019
<b>Cash flows from operating activities</b>			
Cash used in operations	18	(2 892 892)	(3 054 398)
Interest income		1 689 384	1 300 982
Dividends received		578 038	1 279 300
Finance costs		(19 309)	(27 407)
<b>Net cash used in operating activities</b>		<b>(644 779)</b>	<b>(501 523)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment (Advance) on loan to group company	2	(45 040)	(14 495)
Sale of financial assets		517 190	548 659
<b>Net cash from investing activities</b>		<b>472 150</b>	<b>533 164</b>
<b>Cash flows from financing activities</b>			
Movement in monies held on behalf of other associations		10 897	29 855
<b>Net cash from financing activities</b>		<b>10 897</b>	<b>29 855</b>
<b>Total cash movement for the year</b>		<b>(161 732)</b>	<b>61 496</b>
Cash at the beginning of the year		195 896	134 399
<b>Total cash at end of the year</b>	7	<b>34 164</b>	<b>195 896</b>

# The Pharmaceutical Society of South Africa (Cape Western Province Branch)

Annual Financial Statements for the year ended 30 September 2020

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Loans and receivables

The Branch assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Branch makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

##### Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. Any write down will be included in the operating profit note.

##### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The Branch reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply and demand, together with economic factors such as exchange rates, inflation and interest rates.

##### Residual values and useful lives

The Branch assesses residual values and useful lives of property, plant and equipment and intangible assets when indicators of a change in the estimate thereof exists. In determining whether there is a change in the residual value and useful lives of the property, plant and equipment and intangible assets of the Branch, the Branch makes judgements as to whether there is observable data, e.g. a change in the manner of use of technological developments. Actual results in the future could differ from these estimates which may impact on the depreciation charge for the reporting period.

#### 1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Branch; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, or replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

# The Pharmaceutical Society of South Africa (Cape Western Province Branch)

Annual Financial Statements for the year ended 30 September 2020

## Accounting Policies

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### 1.2 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	50 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Computer equipment	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.3 Investment in subsidiary

An investment in a subsidiary are carried at cost less any accumulated impairment.

### 1.4 Financial instruments

#### Classification

The Branch classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - designated
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

#### Initial recognition and measurement

Financial instruments are recognised initially when the Branch becomes a party to the contractual provisions of the instruments.

The Branch classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

# The Pharmaceutical Society of South Africa (Cape Western Province Branch)

Annual Financial Statements for the year ended 30 September 2020

## Accounting Policies

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### 1.4 Financial instruments (continued)

#### Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the Branch's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Branch establishes fair value by using valuation techniques.

#### Impairment of financial assets

At each reporting date the Branch assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Branch, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

#### Loan to group company

This includes a loan to a subsidiary and is recognised initially at fair value plus direct transaction costs.

The loan to the group company is classified as loans and receivables.

#### Other financial assets

These include investments in share portfolios and unit trusts. The investments are measured at initial recognition at fair value and are subsequently measured at fair value using quoted prices.

Other financial assets are classified as financial assets at fair value through profit or loss - designated.

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables are classified as loans and receivables.

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# The Pharmaceutical Society of South Africa (Cape Western Province Branch)

Annual Financial Statements for the year ended 30 September 2020

## Accounting Policies

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### 1.4 Financial instruments (continued)

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Cash and cash equivalents are classified as loans and receivables.

#### Monies held on behalf of other associations

Monies held on behalf of other associations represents money held by the Pharmaceutical Society of South Africa from various parties.

Monies held on behalf of other associations are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method. The repayment terms are by mutual agreement.

Monies held on behalf of other associations are classified as financial liabilities measured at amortised cost.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are classified as financial liabilities measured at amortised cost.

### 1.5 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.6 Special funds

Special funds consists of money received from a deceased person's estate, which was allocated by the estate to the branch. Special funds are recognised in equity and are measured at the amount received from such estate.

### 1.7 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Branch has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Branch retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Branch; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Branch;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.



# The Pharmaceutical Society of South Africa (Cape Western Province Branch)

Annual Financial Statements for the year ended 30 September 2020

## Accounting Policies

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### 1.7 Revenue (continued)

Income from administration fees, rent received, surplus on sale of investments, other sundry income and property, plant and equipment is recognised in profit or loss.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the Branch's right to receive payment has been established.

### 1.8 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.9 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Contributions for retirement are based on a percentage of the payroll and are charged against income as incurred.

### 1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under other income in profit or loss.

### 1.11 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

## The Pharmaceutical Society of South Africa (Cape Western Province Branch)

Annual Financial Statements for the year ended 30 September 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020			2019		
<b>2. Property, plant and equipment</b>						
	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land & buildings	4 443 771	-	4 443 771	4 443 771	-	4 443 771
Furniture and fixtures	350 471	(318 502)	31 969	305 431	(280 301)	25 130
Motor vehicles	107 900	(107 900)	-	107 900	(107 900)	-
Computer Equipment	78 486	(78 486)	-	78 486	(69 192)	9 294
<b>Total</b>	<b>4 980 628</b>	<b>(504 888)</b>	<b>4 475 740</b>	<b>4 935 588</b>	<b>(457 393)</b>	<b>4 478 195</b>

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Land & buildings	4 443 771	-	-	4 443 771
Furniture and fixtures	25 130	45 040	(38 201)	31 969
Computer Equipment	9 294	-	(9 294)	-
	<b>4 478 195</b>	<b>45 040</b>	<b>(47 495)</b>	<b>4 475 740</b>

#### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Closing balance
Buildings	4 443 771	-	-	4 443 771
Furniture and fixtures	29 584	-	(4 454)	25 130
Computer software	2 589	14 495	(7 790)	9 294
	<b>4 475 944</b>	<b>14 495</b>	<b>(12 244)</b>	<b>4 478 195</b>

#### Details of properties

##### Buildings

Land and buildings acquired on 25 August 2004 comprise the holding of a sectional title described as portion 1 of Erf 161545 situated at Greenford Office Estate, Punters Way, Kenilworth.

The building has an estimated market value of

	13 437 897	13 437 897
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### 3. Investment in subsidiary

The following table list the entity which is controlled directly by the Branch, and the carrying amounts of the investments in the Branch's separate financial statements.

Name of subsidiary	Carrying amount 2020	Carrying amount 2019
Propateez 74 Proprietary Limited	-	100

#### Reconciliation of shares

At the beginning of the year	100	100
De-registration of entity	(100)	-
<b>At the end of the year</b>	<b>-</b>	<b>100</b>

**The Pharmaceutical Society of South Africa (Cape Western Province Branch)**  
Annual Financial Statements for the year ended 30 September 2020

**Notes to the Annual Financial Statements**

Figures in Rand	2020	2019
<b>4. Other financial assets</b>		
At fair value through profit or loss - designated		
Listed shares	44 804 859	50 312 340
<b>Non-current assets</b>		
At fair value through profit or loss - designated	44 804 859	50 312 340
<b>Fair value information</b>		
Nedbank - Capital call deposits bearing interest of 5.75% (2019: 5.75%) per annum	8 459	2 264 607
Coronation Fund Managers - Strategic Income Fund - 381 079 units (2019: 279 822 units)	5 832 000	4 441 056
Coronation Fund Managers — Balance Plus A Fund - 0.01 unit (2019: 99 824 units)	-	10 400 915
Nedbank Listed Shares below	17 013 860	27 390 794
Nedbank deposit note 365 day notice bearing interest of 8.02%	-	4 000 000
Nedgroup Inv Core Income Fund Class E - 4 913 178 units (2019: 1 812 342 units)	4 912 196	1 815 242
Coronation Fund Managers — Balanced Def A Fund 4 669 415 units (2019: - unit)	8 751 884	-
Nedbank Gilt 2036 bearing interest of 6.25% R 6 300 000	4 102 963	-
Nedbank RSA Gilt 2040 bearing interest of 9.0% R 5 100 000	4 183 497	-
	<b>44 804 859</b>	<b>50 312 614</b>
The maximum exposure to credit risk at the reporting date is the fair value of each class of other financial asset mentioned above. The Branch does not hold any collateral as security.		
<b>5. Inventories</b>		
Cuff links & ties	450	450
<b>6. Trade and other receivables</b>		
VAT	9 979	11 428
Dividends receivable	29 242	52 183
	<b>39 221</b>	<b>63 611</b>
<b>7. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	1 479	7 463
Bank balances	32 685	188 433
	<b>34 164</b>	<b>195 896</b>
<b>8. Special funds</b>		
Estate Late Cunningham bequest	10 000	10 000
<b>9. Trade and other payables</b>		
Accruals	5 185	7 789

**The Pharmaceutical Society of South Africa (Cape Western Province Branch)**  
Annual Financial Statements for the year ended 30 September 2020

**Notes to the Annual Financial Statements**

Figures in Rand	2020	2019
<b>10. Monies held on behalf of other associations</b>		
R. Ahmed Choglay Family Trust Fund	1 040	1 007
Cape Peninsula Pharmacy Students Association Loan Fund	556 959	539 364
South African Association of Hospital and Institutional Pharmacists	46 721	53 452
	<b>604 720</b>	<b>593 823</b>
<b>11. Revenue</b>		
Sale of books - Daily Drug Use Publication	-	6 642
Sale of books - Other	19 604	31 900
Functions	17 704	29 941
	<b>37 308</b>	<b>68 483</b>
<b>12. Cost of sales</b>		
Sale of goods		
Cost of books sold	-	2 397
<b>13. Operating loss</b>		
Operating Profit for the year is stated after accounting for the following:		
Impairment on loans to group companies	-	716 842
Amortisation on intangible assets	-	1 155 000
Depreciation on property, plant and equipment	47 495	15 949
Employee costs	1 823 669	1 827 785
<b>14. Investment revenue</b>		
<b>Dividend revenue</b>		
Listed financial assets - Nedbank Limited	516 099	1 134 155
Unlisted financial assets - Coronation Fund Managers	61 937	145 145
	<b>578 036</b>	<b>1 279 300</b>
<b>Interest revenue</b>		
Listed financial assets - Nedbank Limited	1 084 131	809 997
Unlisted financial assets - Coronation Fund Managers	605 102	489 225
Bank	152	1 760
	<b>1 689 385</b>	<b>1 300 982</b>
	<b>2 267 421</b>	<b>2 580 282</b>
<b>15. Fair value adjustments</b>		
Other financial assets - (loss)	(4 990 291)	(2 458 504)
<b>16. Finance costs</b>		
Monies held on behalf of other associations	19 309	27 407
<b>17. Taxation</b>		

No provision has been made for taxation as the Branch is exempt from income tax in terms of section 10(1)(d) of the Income Tax Act.

## The Pharmaceutical Society of South Africa (Cape Western Province Branch)

Annual Financial Statements for the year ended 30 September 2020

### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>18. Cash used in operations</b>		
Loss before taxation	(5 704 458)	(4 869 027)
<b>Adjustments for:</b>		
Depreciation	47 495	1 170 949
Dividends received	(578 038)	(1 279 300)
Interest received	(1 689 384)	(1 300 982)
Finance costs	19 309	27 407
Fair value adjustments	4 990 291	2 458 504
Impairment loss	-	716 842
Other non-cash items	107	(3 707)
<b>Changes in working capital:</b>		
Inventories	-	2 397
Trade and other receivables	24 390	33 711
Trade and other payables	(2 604)	(11 192)
	<b>(2 892 892)</b>	<b>(3 054 398)</b>

### 19. Related parties

#### Relationships

##### Other associates

Cape Peninsula Pharmacy Students Association Loan Fund  
South African Association of Hospital and Institutional Pharmacists  
Ahmed & Choglay Family Trust

##### Members of key management

G.S. Black

#### Related party balances

##### Money held on behalf of related parties

South African Association of Hospital and Institutional Pharmacists	(46 721)	(53 452)
Cape Peninsula Pharmacy Students Association Loan Fund	(556 959)	(539 364)
Ahmed & Choglay Family Trust	(1 040)	(1 007)

#### Related party transactions

##### Interest paid to related parties

South African Association of Hospital and Institutional Pharmacists	1 623	2 587
Cape Peninsula Pharmacy Students Association Loan Fund	17 595	24 646
Ahmed & Choglay Family Trust	33	42

##### Compensation to directors and other key management

Salaries and bonuses	1 252 498	899 424
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### 20. Going concern

The Committee is not aware of any significant matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the Branch or the results of its operations to the date of these annual financial statements.

**The Pharmaceutical Society of South Africa (Cape Western Province Branch)**  
Annual Financial Statements for the year ended 30 September 2020

**Notes to the Annual Financial Statements**

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Figures in Rand	2020	2019
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**21. Events after the reporting period**

The Committee has assessed the impact of COVID19 on the going concern and are comfortable that despite COVID19, the entity is still a going concern.

The Committee is not aware of any significant matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the Branch or the results of its operations to the date of these annual financial statements.

**The Pharmaceutical Society of South Africa (Cape Western Province Branch)**  
Annual Financial Statements for the year ended 30 September 2020

**Detailed Income Statement**

Figures in Rand	2020	2019
<b>Revenue</b>		
Sale of goods	19 604	38 542
Rendering of services	17 704	29 941
	<b>37 308</b>	<b>68 483</b>
<b>Cost of sales</b>	-	<b>(2 397)</b>
<b>Gross profit</b>	<b>37 308</b>	<b>66 086</b>
<b>Other income</b>		
Sundry income	28 308	1 591
Rental income	13 949	32 394
Dividends received	578 038	1 279 300
Interest received	1 689 384	1 300 982
	<b>2 309 679</b>	<b>2 614 267</b>
<b>Expenses (Refer to page 23)</b>	<b>(3 041 845)</b>	<b>(5 063 469)</b>
<b>Operating loss</b>	<b>(694 858)</b>	<b>(2 383 116)</b>
Finance costs	(19 309)	(27 407)
Fair value adjustments	(4 990 291)	(2 458 504)
	<b>(5 009 600)</b>	<b>(2 485 911)</b>
<b>Loss for the year</b>	<b>(5 704 458)</b>	<b>(4 869 027)</b>

## The Pharmaceutical Society of South Africa (Cape Western Province Branch)

Annual Financial Statements for the year ended 30 September 2020

### Detailed Income Statement

Figures in Rand	2020	2019
<b>Operating expenses</b>		
Administration and management fees	(189 824)	(194 002)
Kitchenware	-	(426)
Greenford Office Estate levies	(175 075)	(175 292)
Auditors remuneration	(82 877)	(82 190)
Bank charges	(10 298)	(11 803)
Portfolio charges	(204 402)	(237 767)
Pharmaceutical publications	(25 974)	(30 128)
Computer expenses	(37 097)	(32 200)
Locum fees	-	(2 500)
Honorarium	(2 500)	(3 000)
Depreciation & impairments	(47 495)	(1 887 791)
Employee costs	(1 823 669)	(1 827 785)
Subsistence & Travel expenses	(2 513)	(4 096)
Tincture press	(2 640)	(5 460)
Conference	(12 202)	(32 105)
Cleaning and sanitary	(8 554)	(17 887)
Foundation Pharmacy Education	(10 000)	(20 000)
Meetings & functions - catering	(29 193)	(50 473)
Meetings & functions - drinks	(6 431)	(12 649)
Meetings & functions - laundry	-	(21)
Grants, bursaries and awards	(4 000)	(5 600)
Plants, engravings and framing	(496)	(1 192)
Labour relations	(59 310)	(57 410)
Insurance	(18 411)	(18 990)
Motor vehicle expenses	(8 544)	(23 426)
Electricity	(59 144)	(67 679)
Young Pharmacists Group	-	(5 000)
Postage	(1 132)	(930)
Membership	(2 488)	(4 958)
Refuse	(6 743)	(6 638)
Printing and stationery	(25 665)	(29 165)
Presents, gifts & prizes	(1 900)	(2 487)
Property maintenance - property & equipment	(23 117)	(19 666)
Honour Boards	-	(6 090)
Meetings & functions - staffing costs	(1 155)	(1 868)
Water & sewerage	(5 371)	(10 802)
Property security	(9 013)	(8 949)
Rates	(102 588)	(101 950)
Staff welfare	(792)	(2 201)
Subscriptions	-	(7 500)
Telephone	(20 981)	(21 626)
Travel - local	(20 252)	(31 767)
	<b>(3 041 845)</b>	<b>(5 063 469)</b>